

# EMBASSY OF THE UNITED STATES OF AMERICA

## PUBLIC AFFAIRS SECTION

TEL: 8802-55662000

FAX: 880-2-9881677, 9885688

E-MAIL: [DhakaPA@state.gov](mailto:DhakaPA@state.gov)

WEBSITE: <http://dhaka.usembassy.gov>



## REMARKS BY

### U.S. AMBASSADOR MARCIA BERNICAT AT SEMINAR – 1: “BRANDING BANGLADESH” BGMEA EXPO

Radisson Hotel, Chittagong  
Thursday, August 6, 2015

I have quickly come to appreciate that one of the most extraordinary qualities about Bangladesh and Bangladeshis is your profound respect for history. You know history, you share history and you are guided by it. So, the message I want to bring to you today about “Brand Bangladesh” is this: the Bangladeshi RMG industry as we know it is at great risk of dying.

That is not a threat or the result of any intrigue; it is a clear-eyed recognition of a pattern repeated over and over again in the history of the textile and garment industries. In country after country, manufacturing garments and other textiles have been an early step on the road of industrial development. But as that development continued – as workers’ capabilities and wages increased – the garment and textile industry either matured into producing higher-end products or lost to competitors elsewhere.

It happened in the United States, where production shifted from northern to southern states before moving overseas. More recently, we have watched it begin to happen in China. Make no mistake: it will happen – it is happening – in Bangladesh, too.

At its core, this coming change is a success story: Bangladesh’s economy is growing; the wealth and aspirations of its people are increasing. I congratulate you on becoming a lower-middle-income country, and look forward to the near future when you will achieve full middle-income status. But as you do so, the comparatively low wages on which you have competed will be unsustainable.

Your success has already inspired your present and future competitors. Basic garment production has low barriers to entry, a fact noticed by other countries – countries less economically developed than Bangladesh. This fact is not lost on buyers either: an article last month in the *Wall Street Journal* highlighted moves by major brands to establish supply networks in East Africa, where costs are lower than in growing Bangladesh. I understand some garment manufacturers from Bangladesh are among those considering setting up factories there.

But not only are your country and your competitors changing; so are your customers. The tragedies of Rana Plaza and Tazreen Fashions have made buyers and consumers aware of garment industry safety and workers’ rights like never before. And that means buyers have no choice but to ensure they are sourcing from industries that can meet these international standards.

Too much has changed for the Bangladeshi RMG industry to continue as it has, but in all honesty -- knowing what we know about the history of garment and textile industries -- you know today that you can make a conscious choice to keep growing your business. You can invest in new equipment, techniques as well as address the safety issues and give your employees a voice to meet international standards. Doing so will also increase the productivity and competitiveness of your business and ensure you stay well ahead of the competition. Or, you can choose to resist such change and watch as buyer after buyer goes elsewhere to get what they can no longer get from you – a competitively priced product.

I promise you that I fully share your goal of reaching \$50 billion in RMG exports by 2021. This garment sector grew from \$116 million dollar industry in 1985 to the \$24.5 billion export engine that it is today.

But what got you here will not get you to \$50 billion. For your industry to survive and grow, you must reinvent yourselves. You need to make decisions about whom and what your industry will be.

You will need to improve productivity, to make room for higher wages while remaining competitive. You will need to continue your drive to improve workplace safety. You will need to expand to new market segments, and to offer products, features, and services that your competitors cannot.

You will need to find new ways to understand your buyers and consumers, to meet and exceed their expectations for your products and for how you run your businesses. You did that before, but you will have to keep doing it.

Doing so will require investment and competitively priced and reliable energy. It will also require creativity and ingenuity, two traits the people of Bangladesh possess in abundance. Reaching \$50 billion will require new tools and methods for managing your factories, and new ways of relating to your employees – new ways to develop them, to retain them, and to leverage their talents and creativity to together make your companies stronger.

I believe labor rights are a key component of those new management-employee relationships. Organized labor is not a threat. It is a relationship tool, a way for management and labor to understand better the needs and concerns of each other. It is a path for you to learn better what factors will help you retain your best employees – one of the easiest ways to increase productivity. It offers the potential, as exists in many sectors in the U.S., to play a key role in training and developing their skills. It offers structure and constancy in your relationship with your most important partner – your workers. If your business does not thrive, they can't either.

The alternatives to reinventing the RMG industry are unworthy of Bangladesh. You have no reason to be in a race to the bottom where the least competitive and most unsafe industries will languish and eventually die; your path should remain as a country that continues to show the world how to nourish inclusive development in a democratic society. The RMG sector should be able to continue to contribute to that progress. By planning and working on the reforms we have outlined and committed ourselves to together, you can.

=====

*\*As Prepared for delivery*